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Control 472

Nov. 4, 1947

6 p.m.

REMBTEL 3568, Oct 25. Article XXIV, par 1, definition QUOTE national treasures UNQUOTE contained URTEL quite satisfactory. However, DEPT suggests that rather than further burden Protocol, a new formula be substituted for China formula in Treaty text itself. This would be based on cited definition and would read as follows: QUOTE relating to exportation of objects the value of which derives principally, etc. UNQUOTE. This procedure has possible added advantage avoiding bilateral definition established multilateral terminology of 1927 Geneva Convention abolition Import-Export prohibitions and proposed ITO Charter.

This completes DEPT replies EMBTELS Commercial Treaty through number fifteen.

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Control 1396

Rec'd November 5, 1947
9:46 p.m.

FROM: Rome

TO : Secretary of State

NO : 3527, November 5, 6 p.m.

Commercial Treaty 17. Following is summary of results of meeting with Italian Delegation October 30.

Article XIII (2). Amendment authorized in DEPTEL 2176 October 24 with explanations in minutes agreed to.

Article XXIV (3-D). Addition of Trust Territory of Pacific as proposed in DEPTEL 2153 October 23 agreed to.

Additional protocol (3) amendment authorized in DEPTEL 2176 October 24 agreed to.

Article XI (1). In provisional minutes relating to the understanding as result of which Italian Delegation agreed tentatively to accept paragraph as amended (see MYTEL 3368 October 23). Following sentence was included after general summary of Department's position as set forth in DEPTEL 2016 October 9: "American negotiators stated that their government has no desire to embarrass Italian Government in its relations with any other state with respect to this matter and that it recognizes in relation to this treaty that the subject should be considered in the light of special character of the city of Rome."

In meeting October 31 Lombardo proposed that following should replace the words following the word "considered": "In the light of the engagements of Italian Government concerning special character of city of Rome". He said that engagements referred to are those

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referred to are those in second paragraph Article I of concordat of 1929. We expressed view that this change would have effect of incorporating in minutes commitment in addition to provisions of treaty. Informal consideration was given to substituting "interest" or "concern" or "responsibility" for the word "engagements". Lombardo indicated formula of this nature would probably be acceptable although words suggested were not entirely satisfactory. He preferred "interest". Instructions requested.

Article XV (2). Redraft authorized in DEPTEL 2176 handed Italians accompanied by explanation desired by Department. They reserved position pending study.

Article XXIII. Lombardo requested us to obtain views of Department as to obligations of one of parties under rules of this Article with respect to transit of military personnel particularly personnel not wearing uniform or other indication of military character. Unrestricted transit might involve party permitting it in international complications with third state he said. Although we suggested that either country would find ample justification under international law to protect its neutrality by controlling any such military movements across its jurisdiction we undertook to consult Department.

Article VII (2). Offer to delete last sentence authorized in DEPTEL 2175 withheld from Italians. In further discussion of this paragraph they expressed view that question should be considered in connection with rule regarding withdrawal in Article V (2) to which they agree.

Article V (2). In further discussion this Article we summarized views of Department in DEPTEL 2175 October 24 and suggested that Italian Delegation restudy problem in light of these considerations and submit more complete statement of its position at later meeting. This suggestion agreed to.

In discussions Lombardo again emphasized that Italian acceptance of exchange depreciation risk would mean assumption

of great responsibility

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of great responsibility by his delegation and that in return for effort that would make to meet Department"s proposal they expected concession with respect to coasting trade. (See MYTEL 3142). We have not informed Italians of Department's position on coasting trade as set forth in DEPTEL 2017. We cannot afford to concede on that point until (and then only to extent that) Italians meet our proposals on Article V. If Italians agree on all essential points of Article V however we feel it highly important that we afford equally full concession on coasting trade. In view of fact that we do not accord any foreign country coastal shipping privileges in US waters (so that granting MFN means nothing to US). In view our negligible interest in Italian coastal shipping and in view fact that Department"s proposed exception for Adriatic shipping does not cover problem originally raised by Italians regarding their old but still effective agreements with non-Adriatic countries, Embassy strongly believes it preferable that Department drop MFN provisions on coast shipping entirely rather than attempt to find new formula which would retain MFN principle while at same time admitting important exceptions in its application. Instructions requested.

Article XXIV. Additional instructions on colonial preferences (DEPTEL 2153 October 23) were not referred to in discussion October 30. Our view is that we should wait for Italians to bring up subject again. Department's position as set forth in DEPTEL 2017 October 9 outlined to them October 17 and their response awaited.

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On [redacted] Embtel 3403, Oct 26, authorized include following par, which should precede present third par Additional Protocol: QUOTE During the current transitional period of recovery from the recent war, the provisions of Article XVI, paragraph 1 of the Treaty shall not prevent the application by either MCP of needed controls to the internal sale, distribution or use of imported articles in short supply, other than or different from controls applied with respect to like articles of national origin. However, no such controls over the internal distribution of imported articles shall be (a) applied by either MCP in such a manner as to cause unnecessary injury to the competitive position within its territories of the commerce of the other MCP, or (b) continued longer than required by the supply situation. UNQUOTE

In such case, correspondingly renumber present third par, Addit. Prot. Insert therein QUOTE as well as concerning the application of par 3 UNQUOTE at end of first clause second sentence, immediately preceding semicolon. Substitute QUOTE paragraph 1 UNQUOTE for QUOTE such paragraph UNQUOTE in last line.

Art. XXIV.

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Art. XXIV, par 1(3). To avoid possible misconstruction, Emb requested place in minutes understanding indicating liberal meaning of word QUOTE extent UNQUOTE in revised IMF reservation. That is, phrase QUOTE to the extent necessary UNQUOTE means ~~maximum~~ for only such period of time as may be necessary as well as ~~maximum~~ with only such limitations on amounts of withdrawal as may from time to time be necessary.

Replies other outstanding questions will likely await Bebler's ~~scheduled~~ return.

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